

RESOLUTION 2004-37

A RESOLUTION ESTABLISHING A JOBZ BUSINESS SUBSIDY POLICY FOR
THE CITY OF DASSEL

BE IT RESOLVED by the City Council of the City of Dassel that the City Council shall hereby adopt the following JOBZ Business Subsidy Policy and Criteria:

Section I. Purpose

1.01 Preamble. Whenever the City of Dassel invests public funds or agrees to voluntarily forfeit tax or other revenue that benefit private development projects, those projects should create the greatest number of jobs that pay a living wage as possible for the residents of the City of Dassel and the surrounding region. The City Council of the City of Dassel, and its agents, must keep the critical need for living wage full-time equivalent (FTE) jobs the priority whenever public dollars are invested in a private business or development project.

1.02 JOBZ Business Subsidy Public Purpose. The public purposes of this policy shall be to accomplish the following on behalf of the City of Dassel.

1. Enhance economic growth in the Dassel area;
2. Create high quality job growth in the Dassel area;
3. Retain high quality jobs in the Dassel area;
4. Diversify the job base and tax base in the Dassel area;
5. Promote additional or spin-off development within the community;
6. Encourage fast growing or high technology business location or expansion; or
7. Stabilize the Dassel community.

This policy is adopted in compliance with M.S. § 116J.994, subd. 2. A copy of this policy shall be submitted to the Department of Employment and Economic Development along with the first annual business subsidy report.

1.03 Principles of JOBZ Business Subsidy Implementation. The City of Dassel shall target its JOBZ business subsidy assistance to businesses that demonstrate a clear and ongoing commitment to the community by providing living wage jobs to their employees and to City of Dassel residents, where applicable, by giving priority to those businesses over businesses that have not traditionally paid living wages.

The City of Dassel shall focus its JOBZ business subsidy assistance only to businesses which agree to comply with annual business subsidy

reporting requirements as required by Job Opportunity Building Zone (JOBZ) statute M.S. §§ 469.310-469.320; and/or as required by the Business Subsidy statute M.S. §§ 116J.993-116J.995.

The City of Dassel will give preferential treatment to business that provides the greatest overall community impact. Preferential treatment will also be provided to those businesses that (1) are consistent with the City's comprehensive plan and zoning controls; and/or (2) do not negatively impact existing public infrastructure.

Section II Definitions

- 2.01 “Authorized Business Subsidy Signatory”** means the Mayor and City Administrator-Clerk-Treasurer who are authorized by this Policy to execute business subsidy agreements on behalf of the City of Dassel, County of Meeker.
- 2.02 “JOBZ Business Subsidy”** means tax exemptions or tax credits available to a qualified business located in a Zone under the Job Opportunity Building Zone (JOBZ) statute M.S. §§ 469.310 - 469.320. JOBZ Business Subsidies shall include:
1. Exemption from individual income taxes as provided under M.S. § 469.316; and
 2. Exemption from corporate franchise taxes as provided under M.S. § 469.317; and
 3. Exemption from the state sales and use tax and any local sales and use taxes on qualifying purchases as provided in M.S. § 297A.68, subdivision 37; and
 4. Exemption from the state sales tax on motor vehicles and any local sales tax on motor vehicles as provided under M.S. § 297B.03; and
 5. Exemption from the property tax as provided in M.S. § 272.02, subdivision 64; and
 6. Exemption from the wind energy production tax under M.S. § 272.029, subdivision 7; and
 7. The jobs credit allowed under M.S. § 469.318.
- 2.03 “JOBZ Business Subsidy Report”** means the annual reports submitted each year for each business receiving a business subsidy in the community. The report is submitted by the City of Dassel in order to comply with M.S. § 116J.994 Subd. 7 (b).
- 2.04 “Criteria”** means the equitably applied, uniform standards by which the Economic Development Agent and/or the City bases its decision to award any business subsidy to a private business or development project establishing a business and creating jobs in the City of Dassel.

- 2.05 **"DEED"** means Minnesota Department of Employment and Economic Development.
- 2.06 **"Economic Development Agent" or "Agent"** means the city department, local or regional economic development agency or other authorized entity that is empowered to solicit, negotiate and form business subsidy agreements on behalf of the City of Dassel. The Economic Development Agent for the City of Dassel shall be the City Administrator or his/her agents, hereinafter "Agent".
- 2.07 **"Health Insurance"** means basic health insurance.
- 2.08 **"Living Wage Job"** means a job which pays wages and health benefits that total at least the rate of 110% of the current poverty level for a family of four.
- 2.09 **"Operation Start Date"** shall mean the date by which the business begins its operations in the zone as evidenced by constructing a facility or relocating to an existing building in a facility and beginning revenue generating operations and/or hiring employees.
- 2.10 **"Qualified Business"** means a person that carries on a trade or business at a place of business located within a Job Opportunity Building Zone as referenced in M.S. § 469.310 Subd. 11; and complies with the reporting requirements specified by M.S. § 469.313 Subd. 2. (5); and shall comply with the criteria in Section II.C. of this agreement; and shall also mean "Recipient" as defined by Business Subsidy law.
- 2.11 **"Recipient"** means any business entity that receives a business subsidy as defined by M.S. § 116J.993, and that has signed a Business Subsidy Agreement with a city.
- 2.12 **"Relocate"** means a Qualified Business who either ceases one or more operations or functions at a non-Zone location and begin performing substantially the same functions inside the Dassel Zone; or reduces employment at the non-Zone location starting one year before and ending one year after beginning operations in the Zone where its employees in the Zone are engaged in the same line of business as the employees at the location where it reduced employment; and
- 2.13 **"Relocating Qualified Business"** A business relocating from another Minnesota non-JOB Zone location and enters into a Relocation Agreement.
- 2.14 **"Relocation Agreement"** means a binding written agreement between a relocating qualified business and the commissioner of DEED pledging that

the qualified business shall either: (a) increase full-time for full-time equivalent employment in the first full year of operation within the job opportunity building zone by at least 20 percent, or (b) make a capital investment on the property equivalent to 10% of the gross revenues of operation that was relocated in the immediately preceding taxable year; and provides for repayment of all tax benefits if the requirements of (a) or (b) are not met.

2.15 “**Subzone**” means the parcel or parcel of land designated by the Commissioner of Employment and Economic Development within a Job Opportunity Building Zone within the corporate boundaries of Dassel to receive certain tax credits and exemptions specified under M.S. § 469.310-469.320.

2.16 “**Zone**” means a Job Opportunity Building Zone or an Agricultural Processing Facility Zone designated by the commissioner of Employment and Economic Development under M.S. § 469.314.

Section III. JOBZ Business Subsidy Requirements.

3.01 JOBZ Business Subsidy Policies. The City of Dassel adopts the following:

1. Any time the City of Dassel provides a JOBZ Business Subsidy to a Qualified Business or Recipient, that business is subject to the wage levels, job creation and other criteria set forth in this policy and specified in the Business Subsidy Agreement made with the City of Dassel. In the event of a conflict between the requirements of the Business Subsidy statute M.S. §§ 116J.993 - 116J.995 and the JOBZ statute M.S. §§ 469.310 - 469.320, the JOBZ statute shall supersede.
2. The Qualified Business, in the case of a JOBZ Business Subsidy that is non-quantifiable at the time of the Business Subsidy Agreement, must create and retain for the period of the Job Zone duration or until December 31, 2015, whichever is shorter, at least 1 FTE Living Wage Job.
3. The Recipient or Qualified Business shall provide cash benefits, including health insurance, to full time employees equal to 10% of wages. These jobs shall be created not later than a specific date identified in a Business Subsidy Agreement.
4. The Qualified Business shall be identified in the Business Subsidy Agreement as a:
 - a. Trade or business located in and operating in a JOBZ or APF Zone at the time of Zone designation; OR
 - b. New trade or business start-up located within the subzone; OR

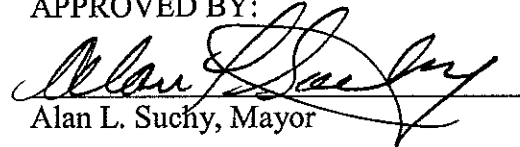
- c. Business expanding in the subzone which is a business that maintains its current operations in its current location and is expanding its operations and its payroll within the Dassel subzone; OR
 - d. A business relocating from another state; OR
 - e. A Relocating Qualified Business.
- 5. The City of Dassel may deviate from wage and job criteria in Section III, by documenting the reason in writing for the deviation and attaching a copy of this reason to the next annual Business Subsidy Report submitted to DEED.
- 6. The City of Dassel authorizes the Mayor and City Administrator, as representatives of the City to act as its Authorized Business Subsidy Signatory to execute business subsidy agreements on behalf of the City of Dassel. The City of Dassel authorizes the City Administrator, or his/her agents, to act as its Economic Development Agent for purposes of marketing and initiating and negotiating Business Subsidy Agreements.
- 7. Requirements of businesses. The City of Dassel shall require all businesses receiving a JOBZ Business Subsidy to comply with the following:
 - a. The Comprehensive Plan and Zoning Controls of the City of Dassel.
 - b. The business shall attend a properly noticed public hearing shall be held by the City as provided by M.S. § 116J.994, when the value of the subsidy does or is expected to exceed \$100,000 from local sources. The purpose of the hearing shall be held to identify and define the criteria that the Qualified Business or Recipient shall meet in order to be eligible to receive a JOBZ Business Subsidy or become a Qualified Business for purposes of the JOBZ statute. The hearing shall specify the subsidy provided, public purpose(s) that shall be achieved by offering the subsidy, and shall specify the measurable, specific, and tangible goals committed to by the Qualified Business. As provided by M.S. 116J.994, Subd. 5., a public notice shall be published in print and if possible, on the internet, at least 10 days prior to the hearing, identifying the location, date time and place of the hearing; and providing information about the business subsidy proposed, including a summary of the terms of the subsidy.
 - c. If the Qualified Business or Recipient relocates under the definition in this agreement, the business shall be required to enter into a binding written Relocation Agreement between the Qualified Business and the Commissioner of DEED pledging that the Relocating Business shall:

CHOOSE ONE (OR BOTH):

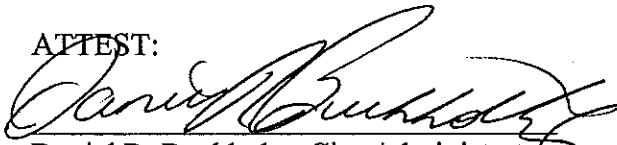
- i. Increase full time employment by 20% (measured relative to the operations that were relocated) within the first full taxable year of operation within the Zone and maintains the required level of employment during each year of zone designation; or
- ii. Make a capital investment in the Zone equivalent to at least 10% of gross revenues for the taxable year immediately preceding relocation to the Zone.

PASSED by the City Council of the City of Dassel on this 4th day of October, 2004.

APPROVED BY:


Alan L. Suchy, Mayor

ATTEST:


Daniel R. Buchholtz, City Administrator